

Ombudsman's Determination

Applicant	Mr Y
Scheme	Yorkshire and Clydesdale Bank Pension Scheme (the Scheme)
Respondents	National Australia Bank (the Bank) Yorkshire and Clydesdale Pension Trustees Limited (the Trustees) Equiniti Limited (Equiniti)

Outcome

1. Mr Y's complaint against Equiniti, the Bank and the Trustees is partly upheld. To put matters right, within 21 days, Equiniti and the Bank should both pay Mr Y £500, making a total of £1,000 to compensate for the significant distress and inconvenience he has suffered.
2. My reasons for reaching this decision are explained in more detail below.

Complaint summary

3. Mr Y has complained that during a redundancy exercise neither the Bank nor the Trustees provided him with a pension pack or the retirement options available to him, and Equiniti miscalculated his annual allowance in response to his enquiries, which together resulted in a delay in his benefits being paid.

Background information, including submissions from the parties

4. In July 2014, Mr Y received two pension quotations, one of which showed Mr Y's "standard" pension entitlement and the other a pension of £50,000 per annum with a corresponding cash lump sum. At this point Mr Y was in contact with the Pensions Team within Human Resources. No further action was taken after receiving these.
5. In August 2014, Mr Y accepted a voluntary severance package from the Bank. On 21 October 2014 he wrote to Equiniti telling them that he was a deferred member who was about to retire from the Bank. He told Equiniti that he was past 60 and had not yet taken benefits available at 60. He said it was his intention to crystallise his pension at retirement on 20 November 2014. He asked 'When will the first pension payment be made? Will I qualify for the pension increase due January 2015?'

6. On 28 October 2014 Equiniti replied telling him:

‘we are currently waiting for confirmation of your retirement date from Group Pensions Department. Once this is received we will inform the actuaries to calculate a PIE retirement pack which will be posted to you. Once we have received back the completed forms and certificates we will then be able to process your pension. I am unable to confirm the date your first pension payment will be made however your pension start date will be your chosen retirement date (20/11/2014) and any arrears will be paid immediately when the pension is finalised. You will qualify for a pro rata pension increase on 1/01/2015.’

7. On 4 November 2014, the Bank’s HR department wrote an email to Mr Y saying:

‘.. The current expected timescale for you to get a quote will be early January. The retirement quote will have an effective date of 20 Nov (meaning that should you decide to retire, there will be back payment of pension). Please let me know if this causes any problems for you.’

8. Mr Y replied that it ‘shouldn’t cause any issues’. On 9 December 2014, in an email headed ‘pension pack’ Mr Y chased the Bank’s HR business partner. She promised to check to see what the timelines looked like and get back to him. She also raised the possibility of his changing his retirement date if market conditions were adverse. On 10 December 2014 he asked for an explanation why his pack was not issued at the same time as other leavers from the same office.

9. On 12 December 2014 the HR business partner advised Mr Y that his calculation was on track to be provided in January 2015. She said, as previously explained, the reason for Mr Y not receiving a pack at a similar time to the other leavers was because he was a deferred scheme member and needed to inform the pension administrator that he wanted to retire on 20th November 2014, hence Paymaster not processing his retirement until it received his email in early November.

10. On 15 December 2014, Mr Y wrote to the HR business partner asking when in January 2015, the statement could be expected and would the Bank continue to pay his salary if he delayed his pension date. He said:

‘You confirmed previously that my pension would be backdated to 20 November despite the fact that I will not receive my pack to consider my options until January 2014. Would that apply if my retirement date was put forward?’

11. On 19 December 2014, the HR business partner replied that the Bank would not continue to pay salary if he wanted to change his pension date. So he could see the potential options they would issue two quotations, one for 20 November 2014 and another for 20 February 2015. She said that the Bank would not want to assume his retirement date and explained:

‘your pension will only be paid from the date of crystallisation and you have the option of confirming that as at 20 November.’
12. On 28 December 2014 quotations were produced. Mr Y’s Independent Financial Advisor (**IFA**), then made a number of enquiries to the Trustees about pension input amounts and annual allowance usage, in the course of which the Trustees admitted that Equiniti had made an error in the calculation of his available annual allowance. Investigations into that matter were concluded on 5 March 2015.
13. On 19 March 2015, Mr Y’s IFA asked the Bank for an update on how long it would take for his benefits to come into payment. On 25 March 2015, a pension retirement pack was issued to Mr Y with a payment date of 1 May 2015.
14. On 8 May 2015, Mr Henry emailed the Pensions Team and said:

“I know that Colin Campbell has been in touch with you regarding an updated pension illustration and options forms for my signature.

As I am sure he will have told you I would like my pension to start 20 May 2015 and to receive my tax free cash lump sum on that date.”
15. Mr Y’s benefits were paid from 20 May 2015.
16. On 5 June 2015 Mr Y wrote to the Bank’s HR department raising a formal complaint, that Equiniti had given him the wrong figures for utilisation of his annual allowance and this had caused a delay in his ability to access his pension. This was accepted under stage one of the Scheme’s Internal Dispute Resolution Procedure (**IDRP**) process as a complaint about (i) delay in settling his benefits (ii) the miscalculation by Equiniti.
17. On 4 August 2015, the Trustee issued an interim decision finding that the decision on timing of retirement age is an individual choice and it is not a requirement on redundancy regardless of age. It said that Mr Y’s IFA had advised the Pensions Team that he wished to draw his benefits from the Scheme. Retirement options were subsequently issued as a matter of urgency. The file shows several queries regarding quotations and a further retirement quotation as at 20 May 2015 being issued on 30 April 2015. On this basis the final retirement benefits were processed. It concluded that the Trustee had carried out all work within reasonable timescales and put the issue of the miscalculation separately to Equiniti.
18. On 17 August 2015 Equiniti apologised for poor service and offered a goodwill payment of £500 which Mr Y declined.

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19. On 8 October 2015 the Trustee wrote to Mr Y with its final IDRPs decision. It made no change to the interim decision of 4 August 2015 in relation to the delay in settling his benefits, and told him that as he had proved no financial loss arising from Equiniti's misstatement, its offer was a fair one.
20. Mr Y continued with his complaint and on 28 January 2016, the Trustees told him that the Scheme must receive all the completed paperwork to put benefits into payment, the responsibility lay with him to confirm when he wished to retire. As he did not complete the necessary paperwork before leaving service at the Bank, it was impossible for the Scheme administrator to bring his pension into payment at that date. He provided the necessary authority on 8 May 2015 after which the pension was put into payment without delay.
21. On 16 May 2016, Mr Y complained to the Pensions Ombudsman. Mr Y believed that because of the failure of the Bank to issue him with a retirement pack, the delay in benefit illustrations being issued and the further delays caused by the discovery and resolution of Equiniti's mistake his benefits should be backdated to November 2014.

Adjudicator's Opinion

22. Mr Y's complaint was considered by one of our Adjudicators who concluded that Equiniti and the Bank should award Mr Y a total sum of £1,000 for the distress and inconvenience he had suffered. The Adjudicator's findings are summarised briefly below:
 - Mr Y waited a long period of time for his benefits to be paid. However, the delay was not caused by Equiniti or the Bank.
 - The Bank said in November 2014 that it was unable to provide the retirement quotations until January 2015, and Mr Y agreed to wait until then.
 - Between January and March 2015, further information was being obtained by Mr Y's IFA. It was only at the end of March 2015, that Mr Y made his intention to start taking his benefits clear.
 - In Mr Y's application for benefits a start date of 1 May 2015 was indicated and payment was made on 20 May 2015, with backdated payments to 1 May 2015.
23. Mr Y did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr Y provided his further comments which do not change the outcome. I agree with the Adjudicator's Opinion, summarised above, and I will therefore only respond to the key points made by Mr Y for completeness.

Ombudsman's decision

24. Mr Y believes that his benefits should be backdated to November 2014. He also submits that he should receive a higher compensation award because of the distress and inconvenience he has suffered in waiting for his benefits to come into payment.
25. Mr Y made his first request for a retirement quotation on 24 July 2014, and this was issued on 31 July 2014.
26. No further action was taken until November 2014, when Mr Y requested a retirement pack. Mr Y complains that he should have received a retirement pack automatically when he was leaving employment. As Mr Y was a deferred member of the Scheme it was his responsibility to let the pension administrator know of his intention to retire. It is not automatic when a deferred member leaves employment that they will start taking their benefits. Therefore, I do not find that Yorkshire and Clydesdale are at fault for not automatically sending a retirement pack until Mr Y requested this.
27. Mr Y was informed in November 2014, that he would not be able to receive a quotation until January 2015. He was also told by the Bank and by Equiniti that he would retain an option of taking benefits backdated to November 2014.
28. Mr Y complains that he was unable to complete paperwork before March 2015, because Equiniti had admitted to an error and his IFA was waiting for their proposals. I accept that Mr Y needed to wait for the proposals from Equiniti before making a decision, and these were provided on 5 March 2015. Following that Mr Y's IFA raised a number of further queries and requested a further retirement quotation which was issued on 30 April 2015. This quotation superseded the subsequent illustration and had the retirement date of 1 May 2015, Mr Y's pension came into payment on 20 May 2015. This was the pension illustration that Mr Y agreed to in his email of 8 May 2015.
29. I do not believe it would be reasonable to instruct the Bank to backdate Mr Y's pension payments to November 2014. Mr Y made clear instruction that he wanted to start taking his pension benefits in an email dated 8 May 2015, in which he said he wanted his payment date to be 20 May 2015. At this point he did not make any queries about benefits being backdated to November 2014.
30. I acknowledge that the length of time Mr Y had to wait for his benefits to come into payment would have caused distress and inconvenience. The Bank could have made things clearer to Mr Y and his IFA. Therefore, I consider it should award Mr Y £500.
31. Therefore, I partially uphold Mr Y's complaint but only to the extent of distress and inconvenience.

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Directions

32. To put matters right within 21 days, Equiniti and the Bank should each pay Mr Y £500, making a total of £1,000 to compensate for the significant distress and inconvenience he has suffered.

Karen Johnston

Deputy Pensions Ombudsman
30 March 2017